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Report

drawn up on behalf of the Committee on Regional Policy, Regional Planning and
Transport

on the proposal from the Commission of the European Communities to the
Council (Doc. 260/78) for a regulation amending Regulation (EEC) No 3164/76
on the Community quota for the carriage of goods by road between Member
States

Rapporteur: Mr Willem ALBERS

1.2.2

By letter of 4 August 1978 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 75 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 3164/76 on the Community quota for the carriage of goods by road between Member States.

The President of the European Parliament referred this proposal to the Committee on Regional Policy, Regional Planning and Transport.

On 21 September 1978 the Committee on Regional Policy, Regional Planning and Transport appointed Mr Albers rapporteur.

It considered this proposal at its meeting of 21 September 1978 and unanimously adopted the motion for a resolution together with the explanatory statement.

Present: Lord Bruce of Donington, chairman; Mr Albers, rapporteur; Mr Brugger, Mr Fuchs, Mr Ibrügger, Mrs Kellett-Bowman, Mr Mascagni, Mr Noè, Mr Osborn and Mr Seefeld.

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The Committee on Regional Policy, Regional Planning and Transport hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No. 3164/76 on the Community quota for the carriage of goods by road between Member States

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council pursuant to Article 75 of the EEC Treaty (Doc. 260/78),
 - having regard to the report of the Committee on Regional Policy, Regional Planning and Transport (Doc. 321/78),
1. Expresses its dissatisfaction at the fact that for the third consecutive time² the Council has taken no account whatsoever of the Commission's proposals³ and Parliament's opinions⁴ concerning an increase in the Community quota for the carriage of goods between Member States;
 2. Considers the Council's attitude to be totally unacceptable;
 3. Recalls that since 1964 it has repeatedly emphasized the significance of the Community authorization system as an instrument for the effective monitoring and control of capacity in the transfrontier carriage of goods by road; a more rational use of the various modes of transport and fair competition between the Community's transport undertakings;
 4. Deplores the fact that the Commission has not proposed that the Community quota should be doubled for the following calendar year - as it did in 1975 and 1977 - but that on the contrary it has felt obliged to limit the 1979 increase to 20%;

¹ OJ No. C 186, 4.8.1978, p.6

² OJ No. L 329, 23.12.1975, p.9; OJ No. L 357, 29.12.1976, p.1 and OJ No. L 358, 31.12.1977, p.4

³ OJ No. C 1, 5.1.1976, p.28 and OJ No. C 220, 15.9.1977, p.3

⁴ OJ No. C 280, 8.12.1975, p.47 and OJ No. C 299, 12.12.1977, p.57.

5. Is of the opinion that this increase is insufficient and by no means meets the demand for transport which has increased with the growth in intra-Community trade;
6. Notes further that transport undertakings in the Member States have made widespread use of Community transport authorizations in recent years;
7. Considers it essential, therefore, that the Community quota for 1979 should be doubled;
8. Emphasizes also the need in future to prevent the Community quota from being extended unchanged for one or more years as a result of the Council's failure to reach agreement, and proposes, therefore, that where the Council has not taken a decision before the end of the November of the preceding year, the number of authorizations should be automatically increased by 25%;
9. Requests the Commission of the European Communities to incorporate the following amendments in its proposal, pursuant to the second paragraph of Article 149 of the EEC Treaty.

Amended proposal for a Council regulation on the Community quota for the carriage of goods by road between Member States

Preamble and recitals unchanged

Article 1

Regulation (EEC) No. 3164/76 is amended as follows: in Article 3, paragraphs 1 and 2 shall be replaced by the following:

1. The Community quota shall comprise 3,402 authorizations.

2. The number of Community authorizations allocated to each Member State shall be as follows:

BELGIUM	: 378
DENMARK	: 251
FEDERAL REPUBLIC OF GERMANY	: 621
FRANCE	: 573
IRELAND	: 69
ITALY	: 480
LUXEMBOURG	: 98
NETHERLANDS	: 549
UNITED KINGDOM	: 383

3. The Council, acting on a proposal from the Commission, shall decide, by 30 November of each year, on any increase in the Community quota and on the allocation to the Member States of the extra authorizations resulting therefrom.

4. Paragraphs 1 and 2 shall remain applicable until the Council has taken a decision on a proposal for a regulation reviewing the amount and/or the allocation of the quota.

Article 1

Regulation (EEC) No. 3164/76 is amended as follows: in Article 3, paragraphs 1, 2 and 4 shall be replaced by the following:

1. The Community quota shall comprise 5,670 authorizations.

2. The number of Community authorizations allocated to each Member State shall be as follows:

BELGIUM	: <u>617</u>
DENMARK	: <u>441</u>
FEDERAL REPUBLIC OF GERMANY	: <u>1,057</u>
FRANCE	: <u>903</u>
IRELAND	: <u>106</u>
ITALY	: <u>871</u>
LUXEMBOURG	: <u>152</u>
NETHERLANDS	: <u>912</u>
UNITED KINGDOM	: <u>611</u>

3. Unchanged.

4. If, by the date fixed in paragraph 3 above, the Council has reached no decision in respect of any later year, the current quota and numbers of authorizations shall be increased by 25%.

Article 2 unchanged.

¹ For complete text see OJ No. C 186, 4.8.1978, p.6.

EXPLANATORY STATEMENTI. INTRODUCTION

1. Last year the European Parliament already sharply criticized the Council's handling of the question of the Community quota. This criticism clearly fell on deaf ears, however, as the Council has once again taken no account either of the Commission's proposal or of the European Parliament's opinion relating thereto.

It must also be noted, regretfully, that ten years after the introduction of the Community quota, the system still plays only a marginal role, with barely 3% of the total transfrontier carriage of goods by road within the Community being carried out on the basis of a Community authorization.

2. Although the European Parliament's committee responsible for transport problems has drawn up no less than seven reports on the Community authorization system, the system's development is so disappointing that it is clearly worthwhile briefly summarizing, in the following paragraphs, the paltry development of the Community quota and repeat the European Parliament's views on this matter once more before considering the Commission's latest proposal in greater detail.

II. ORIGIN AND DEVELOPMENT OF THE COMMUNITY QUOTA

3. In mid-1963 the Commission submitted a proposal to the Council for a regulation on the introduction and implementation of a Community quota for the carriage of goods by road. It was proposed that within the framework of a Community quota, transport authorizations should be granted which would enable the holders to undertake the carriage of goods by road for third parties via all traffic routes between the Member States of the Community. By gradually replacing bilateral authorizations with Community transport authorizations, this draft regulation aimed principally at the attainment of the following objectives:

- (i) the participation of carriers from all the Member States in intra-Community transport on an equal footing and without any discrimination on the basis of nationality;
- (ii) a more rational use of the various modes of transport;
- (iii) the possibility of permanently monitoring capacity and, where necessary, controlling it.

In June 1964 the European Parliament adopted a somewhat differentiated opinion. In the report drawn up by Mr Bech (Doc. 43/64) on behalf of the then Committee on Transport, the Commission's proposal was welcomed as a first step towards the liberalization of the carriage of goods, but the allocation system for the Community quota - drawn up on the basis of nationality - was rejected as discriminatory.

4. Four years later the Council adopted Regulation (EEC) No. 1018/68¹ introducing a Community quota for the carriage of goods by road between Member States. This was a temporary and experimental arrangement, to be valid for no more than three years, from 1 January 1969 to 31 December 1971. However, the Council Regulation of 19 July 1968 contained no reference to any reduction in bilateral transport authorizations.

Pursuant to Article 7(3) of Regulation (EEC) No. 1018/68, the validity of the Regulation could be extended for one year if the Council had taken no decision on the matter before the end of 1971. Since no decision was taken, the validity of the 1968 regulation was extended unchanged until 31 December 1972.

5. On 28 December 1972 the Council adopted a new Regulation on the Community quota². The imminent enlargement of the Community on 1 January 1973 made it impossible for a definitive system to be adopted which could come into force on that date. In its opinions (see the reports drawn up by Mr Giraud, Doc. 156/72 and Doc. 220/72) the European Parliament had pointed out that a definitive system would have to take account of a number of new factors consequent on the accession of three new Member States.

Regulation (EEC) No. 2829/72 was therefore virtually nothing more than an extension of Regulation (EEC) No. 1018/68, the only exception being the size of the Community quota. The new regulation expired on 31 December 1974.

6. Article 4(3) of Regulation (EEC) No. 2829/72 provided for the number of authorizations to be adapted for the benefit of the new Member States. Although under the provisions of this Article this was to be done before 31 March 1973 and although the Commission had submitted the appropriate proposal on 13 March 1973 - which the European Parliament had approved on 4 June 1973 (see the Giraud report, Doc. 81/73) - the Council did not adopt a regulation to this effect until 1 August 1974³. In this regulation, the number of authorizations for Denmark, Ireland and the United Kingdom was increased for the second half of 1974.

¹ OJ No. L 175, 23.7.1968, p.13

² OJ No. L 298, 31.12.1972, p.16

³ Regulation (EEC) No. 2063/74, OJ No. L 215, 6.8.1974, p.1

7. The Regulation of 28 December 1972, like the 1968 Regulation, was extended for one year but the number of Community authorizations and their allocation for 1975 were adjusted in Regulation (EEC) No. 3256/74¹. On 18 December 1975 the Council once again extended its validity for one year but this time without increasing the Community quota². And subsequently the Council took no account at all of the Commission's proposal that the Community quota should be doubled, the Commission taking the view that the time had come for the trial period to be ended, or of the European Parliament's opinions (see the reports by Mr Giraud, Doc. 154/74 and Doc. 350/75). On 16 December 1976 the Council decided yet again to extend for one year the temporary 1972 arrangement without increasing the Community quota for 1977³.

8. In its draft regulation of 25 August 1977 the Commission proposed once more that the Community quota should be doubled. In its opinion thereon (see the Giraud report, Doc. 380/77), the European Parliament welcomed this proposal. However, as already noted in the introduction to this report, this served no purpose since in Regulation (EEC) No. 3024/77⁴ the Council confined itself to making a mere 20% increase in the Community quota for 1978.

9. The trend in the number of Community authorizations and their allocation to the various Member States since 1969 is as follows:

Member States	1969-1972	1973	1974	1975-1977	1978
Belgium	161	191	221	265	318
Denmark	-	68	141	169	203
Germany	286	321	356	427	512
France	286	313	341	409	491
Ireland	-	23	42	50	60
Italy	194	230	266	319	383
Luxembourg	33	45	58	70	84
Netherlands	240	279	318	382	458
United Kingdom	-	114	227	272	326
Community quota	1,200	1,584	1,970	2,363	2,835

¹ OJ No. L 349, 28.12.1974, p.5

² Regulation (EEC) No. 3331/75, OJ No. L 329, 23.12.1975, p.9

³ Regulation (EEC) No. 3164/76, OJ No. L 357, 29.12.1976, p.1

⁴ OJ No. L 358, 31.12.1977, p.4

III. EFFECT AND SIGNIFICANCE OF THE COMMUNITY AUTHORIZATION SYSTEM

10. In point 3 your rapporteur referred to the fact that the introduction of a Community authorization system would lead principally to better control of capacity, a more rational use of the various modes of transport and the abolition of discrimination on the basis of nationality. In this way the system would contribute towards the liberalization of the carriage of goods by road and to the attainment of a common transport market as provided for in Article 75 of the EEC Treaty.

11. The numerous restrictive provisions and protective laws relating to the carriage of goods by road in force in the various Member States when the EEC was established made it impossible to introduce free competition from the word go. In the initial stages, therefore, the Community had recourse to a number of temporary measures designed to bring about a free market in the carriage of goods. In reply to a written question tabled by your rapporteur, the Commission admitted that any form of quota arrangement implied the imposition of artificial restrictions and tended to produce an authoritarian distribution of traffic¹. In making this statement the Commission was expressly adopting the European Parliament's attitude which had reservations from the very beginning about any kind of quota system and agreed to such a system only as a transitional measure. Parliament was and remains aware that the radical abolition of any quota system or transport restriction cannot be brought about overnight, but that on the contrary a number of conditions must first be met if the road transport market is not to descend into chaos.

12. In his earlier reports on behalf of your committee, Mr Giraud described the solution which the European Parliament advocates for problems in this sector as follows: in a transitional period, a systematic increase in the Community quota would go hand in hand with the reduction in bilateral transport authorizations; when the latter had been totally eliminated the Community quota would be increased in a final stage to a point where the number of Community authorizations exceeded demand and free competition was actually attained².

13. This solution has the great advantage that it would facilitate an effective capacity policy by enabling the Commission closely to monitor trends in supply and demand on the transport market in the final stage;

¹ OJ No. C 294, 13.12.1976, p.41

² See the Giraud report, Doc. 380/77, p.8, point 7

should serious disturbances arise or a crisis occur, the number of authorizations could be reduced. Community intervention of this nature would also mean that unilateral measures or bilateral arrangements could be avoided in a crisis situation or when there was a threat of surplus capacity developing.

It goes without saying that unilateral measures and bilateral arrangements are incompatible with the spirit and the letter of the Treaty of Rome and that protectionist measures taken in one country would almost certainly result in other countries taking similar measures; and this would jeopardize the few successes achieved by the common transport policy.

14. This final stage, however, is still a long way off. In the first place, the number of Community authorizations is still ludicrously small, and secondly, the gradual reduction in bilateral authorizations is no longer mentioned in the Commission's proposals¹.

Although at its meeting of 4 November 1976 the Council described the Community quota system as 'permanent'², such a declaration of principle is meaningless if it does not result in concrete measures being taken along the lines of the solutions set out above. Whether or not this system should be regarded as permanent - as is explicitly stated in the second recital of Council Regulation No. 3164/76 of 16 December 1976³ - is of course neither here nor there if year after year the European Parliament is obliged to note with regret that in dealing with this subject the Council has confined itself to juggling with the number of additional authorizations for the following calendar year. In short, your rapporteur considers that this system is temporary until the declaration referred to leads to concrete results.

15. Before concluding this chapter, your rapporteur wishes to make one final comment on the objections to the multilateral authorization system⁴.

¹ It is striking that the Member State which is most opposed to the Community quota has set up a link between Community and bilateral authorizations. Indeed, after the recent Council meeting at which a decision was taken to increase the number of authorizations by 20%, the German Secretary of State for Transport pointed out that this increase 'would obviously affect the forthcoming bilateral negotiations in this sphere'. (See the Deutsche Verkehrszeitung of 22.12.1977)

² Council Press Release, PE 46.661, p.7

³ OJ No. L 357, 29.12.1976, p.1

⁴ In this context it should be noted that transfrontier transport authorizations are also granted within the framework of the CEMT (European Conference of Ministers of Transport). The CEMT quota for 1979 amounts to 464 authorizations, allocated to 18 countries; of these, Belgium receives 30, Denmark 22, the Federal Republic of Germany 65, France 52, Ireland 16, Italy 30, Luxembourg 16, the Netherlands 42 and the United Kingdom 24.

16. The authorization system encounters most opposition in the Federal Republic of Germany and, to a lesser extent, in Italy. In the past, both the Federal Association of Road Hauliers (Bundesverband des Deutschen Güterfernverkehrs - BDF) and the Bundesrat and the Bundestag have formally opposed any increase in the Community quota. The official reason given is that the number of Community authorizations should only be increased as progress is made in a number of other aspects of the common transport policy, especially the harmonization of taxes on commercial vehicles and fuel, the system of levies on the use of trunk roads, the harmonization of dimensions and weights of commercial vehicles and compliance with the social provisions in road transport. These arguments were put forward at the Council meeting of 20 and 21 December 1977 by Mr Ruhman, the Federal German State Secretary for Transport.

It is, of course, quite true that these factors, like the Community quota, affect competition in road transport. However, it is also true that the European Parliament has consistently called for an overall approach to the common transport policy and repeatedly pointed out that the implementation of such a policy cannot be attained by taking measures in vacuo. Moreover, in numerous reports, resolutions and opinions, your committee has deplored the lack of progress in the common transport policy and in particular has protested to the Council at the continued absence of a decision on the subjects raised by the Germans. And last year, on the basis of a motion for a resolution tabled by Mr Mursch, your rapporteur and 15 other signatories (Doc. 202/76), your committee discussed the appropriateness of bringing an action before the Court of Justice - under Article 175 of the EEC Treaty - against the Council because of its failure to act in respect of the implementation of Article 75 of the EEC Treaty concerning a common transport policy.

Although the argument of distortion of competition is justified, your rapporteur would point out the danger that too inflexible an attitude could result in a complete breakdown of progress in the transport sector. If each aspect is made dependent on the others, then there is more than a slight chance that nothing at all will be done. Without wishing to resume the old debate of a global versus a piecemeal policy, your rapporteur feels in this specific instance that the attitude that 'half a loaf is better than no bread' is fully justified, especially if we bear in mind the threat of unilateral measures being taken.

17. Bonn's opposition to any increase in the Community quota is of course linked to the financial difficulties facing German Railways (Deutsche Bundesbahn). Last year, when the Assembly debated Mr Giraud's report on the quota for the year, your rapporteur quoted the opinion of the German Industrial and Trade Association (DIHT) which rightly pointed out that a policy against roads was of no benefit to the railways¹.

Your committee has always supported the view that a policy to benefit one particular transport sector must not be pursued if it entails the taking of restrictive measures which adversely affect another transport sector. It would be wrong to try to cover the huge deficits of the national railway undertakings by adopting restrictive measures in another transport sector, in this instance road transport. Attempts must be made to take appropriate measures which will benefit the particular sector and all transport sectors.

IV. COMMENTS ON THE COMMISSION'S LATEST PROPOSAL

18. Although your rapporteur can understand the attitude of the Commission which, after two unsuccessful attempts - in 1975 and 1977 - to have the Community quota doubled, now considers it prudent to propose an increase of no more than 20%, he by no means agrees with its recommendation. He feels that a consistent rather than a 'realistic' approach must be chosen and that the Members of the European Parliament must assess which of the two measures is politically more desirable.

19. In its explanatory memorandum to the draft regulation, the Commission notes 'the increase in trade between Member States in 1977 and the widespread use of Community authorizations: in 1976 the average utilization of an authorization was 1,614,300 tkm, equivalent to 80,000 km per vehicle with a 20 t payload' (point 2 of the explanatory memorandum).

On 17 November 1977 Mr Burke, the Commissioner responsible for Transport said 'the size of the Community quota has remained unchanged for three years - 1975, 1976 and 1977 - while during the same period, trade between Member States has increased by more than 30%'. Mr Burke then went on to say: 'Statistics on this use show a steady increase, which proves that, even in a period of economic recession, the Community authorizations meet an ever-growing need'².

¹ See Debates of the European Parliament for 17 November 1977, p.222 and the corresponding article in the Deutsche Verkehrszeitung of 12.4.1977

² Debates of the European Parliament, 17.11.1977, pp. 224-225

Your committee was therefore very surprised to note than in its latest proposal the Commission recommends only a 'symbolic' increase in the Community quota.

20. On the basis of the objective set out in the previous chapter and in the light of the increased demand for transport resulting from the growth in intra-Community trade and the widespread use being made of Community authorizations, the Committee on Regional Policy, Regional Planning and Transport feels that the Community quota for 1979 should be doubled and requests the Commission to adopt this amendment.

21. Your rapporteur has therefore requested the appropriate Commission departments to calculate the number of authorizations which would be granted to each Member State if the Community quota were doubled. Incidentally, it should be noted that the Commission has retained the criteria for allocating the additional authorizations: that is, 50% of the increase in the quota on the basis of the use actually made of Community authorizations in 1977, the other half on a linear basis with reference to the quota laid down in the Regulation of 16 December 1976.

22. The following table shows consecutively the number of authorizations granted in 1978, the number proposed by the Commission for 1979 and the number proposed by the European Parliament for that year. The respective differences are also shown in this table¹.

Member State	1978	Commission proposal 1979	Difference	EP proposal 1979	Difference 78-79 (EP)	Difference between the Commission and EP proposals
Belgium	318	378	+ 60	617	+ 299	239
Denmark	203	251	+ 48	441	+ 238	190
Germany	512	621	+ 109	1,057	+ 545	436
France	491	573	+ 82	903	+ 412	330
Ireland	60	69	+ 9	106	+ 46	37
Italy	383	480	+ 97	871	+ 488	391
Luxembourg	84	98	+ 14	152	+ 68	54
Netherlands	458	549	+ 91	912	+ 454	363
United Kingdom	326	383	+ 57	611	+ 285	228
Total	2,835	3,402	+ 567	5,670	+ 2,835	2,268

¹ It should be noted that for 1976 and 1978 the Commission had already proposed a Community quota of 4,726 authorizations

23. In an earlier proposal on the Community quota, the Commission included a provision which laid down that if the Council had reached no decision by 30 November of the previous year, the current quota and numbers of authorizations were to be increased by 25%.

The Council did not include this provision in its Regulations² although the European Parliament had welcomed the proposal in its resolution of 13 November 1975³. It is, however, rather surprising that the Commission did not include the provision in its later proposals. To prevent the Community quota from being extended in future by one or more years in the absence of any agreement in the Council, your committee is proposing an amendment on the lines of the 1975 draft regulation. It requests the Commission to incorporate the new Article 3(4) which it had proposed for Regulation (EEC) No. 3164/76 in its present proposal for a regulation.

V. CONCLUSIONS

24. With a view to achieving an effective control of capacity, a more rational use of the various modes of transport and fairer conditions of competition in the sphere of the transfrontier carriage of goods by road, the Committee on Regional Policy, Regional Planning and Transport considers it essential that the Community quota should be doubled for 1979. Given the widespread use made of Community authorizations in recent years and the increased demand for transport between the Member States resulting from the growth in intra-Community trade, your committee cannot agree to the 20% increase proposed by the Commission.

25. Disappointed at the way the Council has treated this matter, the Committee on Regional Policy, Regional Planning and Transport urges that in future, an automatic annual increase of 25% should be made if the Council fails to take a decision on this matter in good time. The committee also appeals to the Ministers responsible to adopt this amended proposal for a regulation at their next meeting.

¹ Article 3(4) (b) of the proposal for a regulation of 1.10.1975, Doc. 324/75/II, p.4

² Regulations (EEC) Nos. 3331/75, 3164/76 and 3024/77

³ Giraud report, Doc. 350/75, OJ No. C 280, 8.12.1975, p.47, para 4 of the resolution